



Department of Justice

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FRIDAY, MARCH 23, 2001
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**NEW YORK CITY FOOD DISTRIBUTOR GENERAL MANAGER
PLEADS GUILTY TO CONSPIRING TO DEFRAUD THE IRS**

WASHINGTON, D.C. -- The former general manager of a New York City food distribution company, Jitney Ltd., pleaded guilty today to conspiring to defraud the Internal Revenue Service, the Department of Justice announced today.

Richard Ralston, of Jericho, New York, pleaded guilty today in U.S. District Court in Manhattan to conspiring to defraud the IRS by assisting his former employer in filing false tax returns.

The case today arose from a federal antitrust investigation of bid rigging, bribery, fraud, and tax-related offenses in the food distribution industry. This investigation has resulted thus far in the Antitrust Division's New York Field Office charging 29 individuals and 14 food companies with various crimes, including rigging bids for the supply and delivery of more than \$210 million of food to the New York City Board of Education.

In a scheme devised to conceal the receipt and accumulation of substantial amounts of cash by Melvyn Merberg, Jitney's former president, Ralston and Merberg wrote company checks payable to specific Jitney suppliers that Ralston had previously arranged would cash the checks and return the money to him. Ralston would then give Merberg and another co-conspirator at Jitney the full value of the checks in cash. Jitney and its owner, Pamela Merberg, wrongfully treated the full value of the checks as the cost of goods sold on its tax returns for 1996 and 1997 by improperly deducting the value of approximately \$1.3 million as business expenses.

Jitney Ltd., its owner, Pamela Merberg, both of whom pleaded guilty to related charges, and Melvyn Merberg, Jitney's former president, who was indicted in November 2000 and is awaiting trial, are among those previously charged.

The charge against Ralston, a violation of 18 U.S.C. § 371, carries a maximum penalty of five years imprisonment and a \$250,000 fine. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. The court will determine the appropriate sentence under the U.S. Sentencing Guidelines. In addition, Ralston could be ordered to pay restitution for the full amount of the loss.

The ongoing investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the Federal Bureau of Investigation and Internal Revenue Service Criminal Investigation.

Anyone with information concerning bid rigging, bribery, tax offenses, or fraud in the food distribution industry or concerning bid rigging on any government contract should contact the New York Field Office of the Antitrust Division at (212) 264-0679 or the New York Division of the FBI at (212) 384-3252.

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